

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re

CarePoint Health Systems, Inc., *et al.*,¹

Debtors.

Chapter 11

Case No. 24-12534 (JKS)

(Jointly Administered)

NOTICE OF STATUS UPDATE WITH RESPECT TO PRIOR OWNER AND RELATED ENTITIES' PUBLIC OFFER FOR RESOLUTION OF PLAN OBJECTIONS

Freehold Trust, Benego Ventures, LLC, Briar Hill Ventures, LLC, Pheasant Run Ventures, LLC, and Vivek Garipalli (collectively, the “Freehold Entities”); CarePoint Health Captive Assurance Company, LLC (“Captive”); Maple Healthcare, LLC (“Maple”); and James P. Lawler, JPL Healthcare Consulting Limited Liability Company, Oak Management, LLC, Heights Healthcare Services Limited Liability Company, and Willow Healthcare Services Limited Liability Company (together, the “Lawler Entities” and collectively with the Freehold Entities, the “Prior Owners”; and collectively with Captive, Maple and Freehold Entities, the “Related Entities”) hereby submit this status update (the “Status Update”) with respect to a public offer for resolution of the objections of the Related Entities’ objections to final approval and confirmation of the *Fourth Amended Combined Disclosure Statement and Joint Chapter 11 Plan of*

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number are: (i) Bayonne Intermediate Holdco, LLC (7716); (ii) Benego CarePoint, LLC (2199); (iii) Briar Hill CarePoint, LLC (iv) CarePoint Health Management Associates Intermediate Holdco, LLC (none); (v) CarePoint Health Management Associates, LLC d/b/a CarePoint Health (3478); (vi) CarePoint Health Systems, Inc. d/b/a Just Health Foundation (6996); (vii) CH Hudson Holdco, LLC (3376); (viii) Christ Intermediate Holdco, LLC (3376); (ix) Evergreen Community Assets (1726); (x) Garden State Healthcare Associates, LLC (4414); (xi) Hoboken Intermediate Holdco, LLC (2105); (xii) Hudson Hospital Holdco, LLC (3869); (xiii) Hudson Hospital Opco, LLC d/b/a CarePoint Health-Christ Hospital (0608); (xiv) HUMC Holdco, LLC (3488); (xv) HUMCO Opco, LLC d/b/a CarePoint Health-Hoboken University Medical Center (7328); (xvi) IJKG, LLC (7430); (xvii) Just Health MSO, LLC (1593); (xviii) New Jersey Medical and Health Associates d/b/a CarePoint Health Medical Group (0232); (xix) Quality Care Associates, LLC (4710); (xx) Sequoia BMC Holdco, LLC (9812); (xxi) IJKG Opco LLC d/b/a CarePoint Health Bayonne Medical Center (2063). The address for CarePoint Health Systems Inc. is 308 Willow Avenue, Hoboken, NJ 07030.

Reorganization [Docket No. 551] (the “Combined Disclosure Statement and Plan” or the “Plan” and such disclosures, the “Disclosure Statement”)² filed by CarePoint Health Systems, Inc., *et al.*, the above-captioned debtors and debtors-in-possession (the “Debtors”) and the Official Committee of Unsecured Creditors of CarePoint Health Systems, Inc. (the “Committee” and together with the Debtors, the “Plan Proponents”). In support of this Status Update, the Related Entities respectfully state as follows:

STATUS UPDATE

1. On March 12 – 14, 2025 this Court held a hearing on confirmation of the Plan Proponents’ Plan (the “Confirmation Hearing”). In connection with the Confirmation Hearing, the Honorable Judge Michael B. Kaplan, the Court-appointed mediator, discussed certain potential resolutions among the Related Entities, the Plan Proponents, and certain other stakeholders.

2. On March 27, 2025, the Honorable Judge Kaplan wrote to the Court that despite “considerable good-faith efforts,” he was unable to fashion a resolution of outstanding objections to confirmation of the Debtors’ Plan. *See* Docket No. 1039.

3. Following the conclusion of the mediation, on March 29, 2025, the Related Entities again proposed a resolution with the Debtors of the Related Parties’ plan objections and to strengthen the future stability of the CarePoint hospitals. The proposal is set forth below. The Related Entities believe a sufficient financial cushion (in particular for Christ and Hoboken, where HRH is only in a manager position) is particularly important in light of upcoming anticipated regulatory changes. Specifically, the upcoming Medicaid cuts and potential material changes to 340b profitability for non-profit hospitals will have a significant impact on the hospitals future

² Capitalized terms used herein but otherwise not defined shall have the meanings ascribed to such terms in the Plan and Disclosure Statement.

success and further increases the probability that Christ and Hoboken could re-enter bankruptcy post-emergence.

PUBLIC OFFER FOR RESOLUTION OF PLAN OBJECTIONS

4. In a good faith attempt to resolve their issues related to the Plan, the Related Entities hereby submit as follows:

- a. The Prior Owners and Maple will agree to forgo their credit positions for the benefit of the Debtors.
 - i. First, Maple would provide the value of Maple's super-priority diminution claim (roughly \$3.6 million between the physician groups and Hudson) to the Debtors solely for the purpose of providing incremental cash to the Debtors for post-emergence use.
 - ii. Second, Maple and the Prior Owners would provide the value of distributions on Maple's other secured claims (including its secured position under the Collateral Sharing Agreement) and any claims of the Prior Owners with a priority recovery under the Collateral Sharing Agreement to the Debtors for post-emergence use.
 - iii. Finally, the Prior Owners and Maple would subordinate their claims to the Class 7 General Unsecured Claims Class, thereby reducing the amount of General Unsecured Claims pool significantly (by approximately \$100 million or more) and increasing the distributions available to the remaining General Unsecured Creditors.
- b. In addition, the Prior Owners would provide the following value for post-emergence use:
 - i. Certain promissory notes with aggregate principal amounts over \$5 million issued by certain entities owned by Mr. Jeffrey Mandler to an affiliate of the Freehold Trust.
 - ii. The Prior Owner's 90% ownership interests in land (192 Palisade Ave.) that is contiguous to the land previously donated to the Debtors. This land would provide further significant value to the Debtors for post-emergence use.
- c. The Debtors, the Committee and HRH shall honor all agreements tied to Prior Owners' donations.
- d. The Related Entities agree to withdraw their objections and vote to support the Plan.

5. As set forth above, this proposal provides the Debtors and the Class 7 General Unsecured Creditors significant financial value.

RESERVATION OF RIGHTS

6. The Related Entities expressly reserve all rights to amend, supplement or continue discussing this Status Update, the public offering contained herein and the proposed resolution of their objections to confirmation of the Plan and to be heard before this Court to raise additional arguments or issues in connection herewith. Nothing herein is intended to nor shall be construed as a waiver or limitation of any of the rights or remedies with respect to the Plan, all of which are fully preserved.

WHEREFORE, the Related Entities respectfully submit this Status Update and are available for a status conference before this Court at the Court's discretion.

Dated: March 31, 2025

MORRIS NICHOLS ARSHT & TUNNELL LLP

/s/ Sophie Rogers Churchill

Eric D. Schwartz (No. 3134)
Matthew B. Harvey (No. 5186)
Sophie Rogers Churchill (No. 6905)
1201 North Market Street, Suite 1600
Wilmington, DE 19801
Telephone: (302) 658-9200
Facsimile: (302) 658-3989
Email: eschwartz@morrisnichols.com
mharvey@morrisnichols.com
srchurchill@morrisnichols.com

*Counsel to CarePoint Health Captive Assurance
Company, LLC*

HILLER LAW, LLC

/s/ Adam Hiller

Adam Hiller (No. 4105)
300 Delaware Avenue, Suite 210, #227
Wilmington, Delaware 19801
(302) 442-7677 telephone
ahiller@adamhillerlaw.com

- and -

CHIESA SHAHINIAN & GIANTOMASI PC

Sam Della Fera, Jr. (admitted *pro hac vice*)
Thomas M. Walsh, (admitted *pro hac vice*)
105 Eisenhower Parkway
Roseland, NJ 07052
Phone: (973) 530-1500
E-mail: sdellafera@csglaw.com
E-mail: twalsh@csglaw.com

*Attorneys for James P. Lawler, JPL Healthcare
Consulting Limited Liability Company, Oak
Management, LLC, Heights Healthcare Services
Limited Liability Company and Willow Healthcare
Services Limited Liability Company*

BIELLI & KLAUDER, LLC

/s/ David M. Klauder

David M. Klauder (No. 5769)
1204 N. King Street
Wilmington, DE 19801
Telephone: (302) 803-4600
Facsimile: (302) 397-2557
dklauder@bk-blegal.com

- and -

LEVENFELD PEARLSTEIN, LLC

Harold D. Israel (admitted *pro hac vice*)
Sean P. Williams (admitted *pro hac vice*)
120 S. Riverside, Suite 1800
Chicago, Illinois 60606
Telephone: (312) 346-8380
e-mail: hisrael@lplegal.com
e-mail: swilliams@lplegal.com

Counsel to Maple Healthcare, LLC

**WILSON SONSINI GOODRICH &
ROSATI, P.C.**

/s/ Erin R. Fay

Erin. R. Fay (No. 5268)
Heather P. Lambert (No. 6923)
222 Delaware Avenue, Suite 800
Wilmington, Delaware 19801
Telephone: (302) 304-7600
E-mail: efay@wsgr.com
hlambert@wsgr.com

Counsel to the Freehold Entities